LESSON NO. 3

THE MAKING OF A GLOBAL WORLD

Write in Brief

Q. 1. Give two examples of different types of global exchanges which took place before the seventeenth century, choosing one example from Asia and one from the Americas.

Ans. Examples of the different types of global exchanges which took place before the seventeenth century:

1) The Silk Route believed to be one of the oldest routes of global trade was an important link through which Asia used to exchange commodities, sciences and culture with other parts of the world in the free modern world. For example silk, pottery, textiles, spices, horses were exchanged by Asia in return for gold, silver, wool from Europe.

2) Food serves as another important example of global exchange in pre-modern world. It was after the discovery of America (1492) that crops like potatoes, beans, tomatoes, maize came in the knowledge of the world.

Q. 2. Explain how the global transfer of disease in the pre-modern world helped in the colonisation of the Americas.

Ans. Until the discovery of America in 1492, the Native Americans enjoyed freedom from most of the infectious diseases that plagued populations in Europe, Africa and Asia. Soon after 1492, diseases like small pox, measles were introduced to the Americas trough the sailors from Europe. Having no prior experience of these diseases, the Americans had no biological defence against these diseases, which resulted in large scale deaths throughout Americans. In fact, the Spanish conquerors used these diseases as a weapon to kill and destroy the whole communities in America for its eventual colonization.

Q. 3. Write a note to explain the effects of the following:

(a) The British government's decision to abolish the Corn Laws.

(b) The coming of Rinderpest to Africa.

(c) The death of men of working-age in Europe because of the World War.

(d) The Great Depression on the Indian economy.

(e) The decision of MNCs to relocate production to Asian countries.

Ans. (a) The British government's decision to abolish the corn laws resulted in loses for agricultural sector, but progress in the industrial sector. As food began to be imported more cheaply into Britian, thousands of people engaged in cultivation became unemployed. Unable to work, they migrated to cities and many went overseas. As food prices fell, demand for foreign foods increased in Britain and to ensure cheap and efficient importation of food from Eastern Europe, Russia, America and Australia, railways, ships and new harbours were built in many parts.

(b) Rinderpest (or cattle plague) was an infection viral disease of cattle, which arrived in jewellery and other holdings to meet their tax demand and other expenses.

(c) The death of men of working age in Europe because of the World War reduced the able-bodied workforce in Europe, leading to a steady decline in household income and a consequent struggle to meet the living expenditure by families whose men were handicapped or killed.

(d) The Great Depression had a major impact on the Indian economy. Between 1928 and 1934, it reduced Indian imports and exports by nearly by half. Wheat prices too fell by 50% during this time. More than the urban areas, the agricultural sector (which dominated livelihoods in rural lands) was badly hit by the Great Depression.

(e) The decision of MNCs to relocate production to Asian countries led to a stimulation of world trade and capital flow. This relocation was on account of low-cost structure and lower wages in Asian countries. It also benefitted the Asian nations because employment increased, and this resulted in quick economic transformation as well.

Q. 4. Give two examples from history to show the impact of technology on food availability.

Ans. The impact of technology on food availability was manifold in the late nineteenth century. Faster railways, lighter wagons and larger ships helped transport food more cheaply and quickly from production units to even faraway markets. Also, refrigerated ships helped transport perishable foods such as meat, butter and eggs over long distances.

Q. 5. What is meant by the Bretton Woods Agreement?

Ans. In an attempt to rebuilt the international ecosystem after World War II, 730 delegates from all 44 allied nations gathered in Bretton Woods, New Hampshina, US for the United Nation M0onetary and Financial conference. The delegates deliberated during 1 – 22 July 1944 and signed the Agreement, the Bretton Woods Agreement. It established the IMF and the IBRD (International Bank for Reconstruction and Development) to finance postwar reconstruction. The Bretton Woods system established the fixed exchange rate system to eliminate the fluctuation features of floating exchange rate which discouraged trade.

Discuss:

Q. 6. Imagine that you are an indentured Indian labourer in the Caribbean. Drawing from the details in this chapter, write a letter to your family describing your life and feelings.

Ans. Indentured Indian labourers in the Carribbean—facts—signed a contract stating that they would return to India after working for five years at a plantation; belonged to eastern Uttar Pradesh, Bihar, central India and the dry districts of Tamil Nadu; migrants took up the overseas jobs hoping to escape poverty and oppression in their home villages; migrants were not even informed about the long sea voyages, and some unwilling ones were abducted as well; also known as "the new system of slavery"; harsh living and working conditions; few legal rights; many escaped into the wilds; some developed new art forms for expression; some returned home after the contract period, while others stayed on

Respected mother / father.

Convey my love to elders including my wife and bless to both my son and daughter. I am very happy. I am working in a technologically advanced industrial area of Caribbean. I am getting thick

and heavy packet as remuneration five years with cost on conveyance borne with, by company. One of the company has hired me for all the time calculated.

It is developed country. Its industrial areas are neat and clean and roads are goods. There are sufficient parks, gardens and good means of transport and communications. Here are several thousand of Indians from Uttar Pradesh, Bihar and Central India. Even some are from Tamil Nadu and Kerala. I am having friendly relation with my Indian brothers and people from other Asian countries.

This all, I say, that I am getting here but at the cost of separation from all of you. Sometimes, I become very sad and I remember my those friends who during my living in India, were very dear to me. Pay my love to my friend Ashok and Rahim. Write me something specific and receive a gift from an indentured labour, you desired from this country. I assured you of forft night receipt in your hand.

Once again respect to all elders, love to all known of my age and great love to all children of our families.

With regards,

Your son,

xYz

Q. 7. Explain the three types of movements or flows within international economic exchange. Find one example of each type of flow which involved India and Indians, and write a short account of it.

Ans. The three types of movements or flows within the international economic exchange are trade flows, human capital flows and capital flows or investments. These can be explained as—the trade in agricultural products, migration of labour, and financial loans to and from other nations.

India was a hub of trade in the pre-modern world, and it exported textiles and spices in return for gold and silver from Europe. Many different foods such as potatoes, soya, groundnuts, maize, tomatoes, chillies and sweet potatoes came to India from the Americas after Columbus discovered it.

In the field of labour, indentured labour was provided for mines, plantations and factories abroad, in huge numbers, in the nineteenth century. This was an instrument of colonial domination by the British.

Lastly, Britain took generous loans from USA to finance the World War. Since India was an English colony, the impact of these loan debts was felt in India too. The British government increased taxes, interest rates, and lowered the prices of products it bought from the colony. Indirectly, but strongly, this affected the Indian economy and people.

Q. 8. Explain the causes of the Great Depression.

Ans. The Great Depression was a result of many different factors. The post-war global economy was weak. Also, agricultural over-production proved to be a nuisance, which was made worse by falling food grain prices. To counter this, farmers began to increase production and bring even more produce to

the markets to maintain their annual incomes. This led to such a glut of food grains that prices plummeted further and farm produce was left to rot. Most countries took loans from the US, but American overseas lenders were wary about the same. When they decreased the amount of loans, the countries economically dependent on US loans faced an acute crisis. In Europe, this led to the failure of major banks and currencies such as the British pound sterling. In a bid to protect the American economy, USA doubled import duties. This worsened the world trade scenario. All these factors contributed to the Great Depression. It affected USA the worst on account of its being a global loan provider and the biggest industrial nation.

Q. 9. Explain what is referred to as the G-77 countries. In what ways can G-77 be seen as a reaction to the activities of the Bretton Woods twins?

Ans. G-77 countries is an abbreviation for the group of 77 countries that demanded a new international economic order (NIEO); a system that would give them real control over their natural resources, without being victims of neo-colonialism, that is, a new form of colonialism in trade practised by the former colonial powers.

The G-77 can be seen as a reaction to the activities of the Bretton Woods twins (the International Monetary Fund and the World Bank) because these two institutions were designed to meet the financial needs of industrial and developed countries, and did nothing for the economic growth of former colonies and developing nations.

Project Work:

Find out more about gold and diamond mining in South Africa in the nineteenth century. Who controlled the gold and diamond companies? Who were the miners and what were their lives like?

Ans. Centre for gold and diamond making was an African colony of the Britishers presently known as Northern Rhodesia arid Southern Rhodesia. These two countries at present, were that time under control of the British Government as colony during 1870 C.E, Civil Rhodes was the sole representative of the British, hence, by taking benefit of economy he named the territory after his name, Rhodesia.

Thus, It is clear from above that Gold and Diamond region presently existed iii the form of two countries i.e. North Rhodesia and South Rhodesia—a colony of Great Britain. Swaziland and Basutoland were also British colonies like Rhodesia.

These African colonies were occupied by the British when their conspiracy to overthrow Boer Government of Transvaal met to success. They also defeated Boers in a battle that took place subsequently and popularly known as Boer War that ran continuously for three years (1899—1902).

Managers were the British companies while labourers were people from india, South Asia and Africa, They played several tricks to compel people in Africa for working as labourers in mines. Inheritance or succession laws were changed and peasants were displaced or evicted from their own

lands. So, erstwhile peasants were subsequently made mine workers and labourers by several changes brought n legislations.

SOME IMPORTANT QUESTIONS

Q. 1. What is Rinderpest?

Ans. It was a fast spreading disease of cattle plague which had a terrifying impact on people's livelihood and the local economy of many countries and especially Africa in the 1890s.

Q. 2. What was called Hosay?

Ans. The Trinidad, a south American country, the riotous Muharram procession or carnival began to be called 'Hosay'.

Q. 3. Name some Indian Entrepreneurs who ventured abroad?

Ans. (i) Shikaripuri Shroffs and Natthukottan Chetiarrs who financed export agriculture in Central and South East Asia.

(ii) Hyderabadi, Sindhi traders who set up their establishments at busy parts world wide.

Q. 4. Which countries were known as 'Alies' in the first World War (1914-1918)?

Ans. Britain, France, Russia and U.S. were known as Allies.

Q. 5. How much was the human loss in the First World War?

Ans. About nine million people dead and 20 million injured

Q. 6. Who was Henry Ford?

Ans. He was well-known pioneer of mass production in the field of car manufacturing.

Q. 7. What were the Axis Powers in the Second World War?

Ans. Mainly Nazi Germany, Japan and Italy.

Q. 8. What was the human loss in the Second World War?

Ans. At least 60 million people are believed to have been killed in this war, directly or indirectly or indirectly, and millions more were injured.

Q. 9. What is the international monetary system?

Ans. It is the system which links national currency with the monetary system. This system was fixed on fixed exchange rates.

Q. 10. What do you mean by G-77?

Ans. It was a Group of 77 developing countries which did not benefit from the fast growth which the Western economies experienced in 1950s.

Q. 11. What is Globalisation?

Ans. Globalisation means integrating our economy with the world economy. As a result, producers of other countries can sell their goods and services in India and likewise India can also sell its goods and services in other countries. As a result of globalization, the different countries of the world become economically inter-dependant on each other.

Q. 12. What led to globalization?

Ans. (i) Trade

(ii) Migration of the people in search of work.

(iii) The movement of capital

Q. 13. Why did the indentured hired on Contract workers from India become ready to migrate to other countries?

Ans. (i) Cottage industries declined and they got deep in depth.

(ii) Land rents rose and they failed to pay them.

(iii) Their lands were forcibly cleared for mines and plantations.

Q. 14. When and why was the indentured labour migration abolished?

Ans. It was abolished in 1921 because India's nationalist leaders opposed this system as abusive and cruel.

Q. 15. What were the major items of exports from India between 1812 and 1870?

Ans. (i) Raw cotton whose export rose from 5% to 35% between 1812 to 1871.

(ii) Opium shipment to China which enabled the British to finance its tea and other export from China.

Q. 16. What is meant by the Assembly line?

Ans. When different parts of a machine like cars and manufactured at different places but are assembled at one single place, such a system is called an assembly line.

Q. 17. What was the main aim of post-war international economic system?

Ans. (i) To preserve economic stability

(ii) Full employment in the industrial world.

Q. 18. Why were the Multi-National Companies (MNCs) attracted towards the developing countries?

Ans. (i) Because wages were relatively low in such countries.

(ii) It was thought better to invest in these countries for more and more of profits.

Q. 19. Write short note on – The decision of MNCs to relocate production to Asian countries.

Ans. MNCs are multinational companies which invest money in different countries. From the late 1970s, they began to shift production operations to low wage Asian countries. Such a thing or decision had a far reaching impact.

(i) Such a decision increased the job opportunities in the Asian countries and to a great extent they helped in solving the unemployment problem.

(ii) These MNCs helped the Asian countries to come out of the former colonial powers which still held the main controls of economic power in many new independent countries, but which were once under their control.

(iii) The coming of MNCs in Asian countries enabled the people to enjoy new varieties of things which they began to manufacture in bulk in these Asian countries.

(iv) These multinational companies by their relocation of industry to low-wage countries of Asia stimulated world trade and capital flow.

(v) They proved a great help to the true beginning of globalisation.

Q. 20. What do you mean by the Silk Route. What was their importance?

Ans. Of all the routes connecting the ancient world, the most important routes were the silk routes. They are known to have existed even before the Christian era and thrived almost till the fifteenth century. These routes proved a good example of vibrant pre-modern trade and cultural links between different parts of the world.

These ancient routes were called the silk routes because along these routes were mainly carried the silk cargoes from China to different regions of Asia, Europe and Northern Africa. But by the same routes were carried the Chinese pottery, the Indian spices and textiles. In turn, through these silk routes were carried precious metals – gold and silver, from Europe to Asia.

Among these routes, the Buddhist preachers, Christian missionaries and later on the Muslim preachers travelled far and wide. Thus these silk routes proved a great source of trade and cultural exchanges.

Q. 21. What causes led to the decline of the Indian textiles?

Ans. Upto the 18^{th} century, the Indian textiles had a wider market all over the world but in the 19^{th} century, it saw a rapid decline from 30% around 1800 to 15% by 1815. By the 1870s, this proportion had dropped to below 3%. What a tragedy ! The chief causes for this rapid decline were the following:

(i) The first was the Industrial Revolution in England as a result of which England stopped all imports of textiles from India.

(ii) Instead it flooded the Indian market with machine-made cloth which was cheaper and more attractive.

(iii) While heavy taxes were imposed on the export of Indian textiles, the British textiles and their imports in to India were left duty free.

(iv) The East Indian Company bought almost all the cotton from the Indian bazaars and sent to England to feed the cotton factories there. Almost no or very little cotton as a raw material was left for the Indian textile industries.

(v) Heavy taxes were imposed on the Indian manufacturing units engaged in textiles so they were made to die a natural death.

(vi) Even the railways were used to export cotton from India and carry British cloth to the Indian market.

(vii) Thus the British Government choked the Indian textile industry by their unjust and indiscriminate economic policies.

Q. 22. Explain the causes of Great Depression.

Ans. There was a world-wide economic crisis in 1929 which in many countries continued upto 1934. It started in the U.S.A. but soon it engulfed many countries of the world except Russian. Some of its causes were the following.

(i) The First World War (1914-1918) had given a great boost to the American industry. But after the war when its industries continued producing different articles at the breakneck speed, there was a glut in the market. The exports had fallen and the home market could not absorb all those products. As a result the unsold stock of goods began to pile up in the 1930s. the lack of buyers ruined both the industrialists and the farming community. Thus USA was caught in a severe economic crisis.

(ii) As a result the American capitalist stopped all loans to the European countries thus halting all production there.

(iii) The sudden stoppage of American capital caused an unprecedented economic crisis there.

(iv) The defeat of Germany in the First World War had already ruined her and her industry. So she became and easy victim of the economic crisis.

(v) Last but not the least, the labour saving machines and the abundances of agricultural products was also responsible for the economic depression in Europe.

Q. 23. What were the results of the Economic Crisis of 1929-1934?

Ans. The Economic Crisis of 1929-1934 had far reaching effects on U.S.A., Europe and other part of the world.

(i) The economic depression led to the deterioration of the economic conditions of the capitalist countries of Europe and the U.S.A.

(ii) There was a great fall in the industrial production as the demand fro goods of all types also fell, men were laid off and factories closed. The industrial production in 1933 was only half the 1929 level.

(iii) Unemployment soared very high and world unemployment doubled. There were 5 to 10 crores of unemployed persons in the world. The number of unemployed persons stood round 14 million in the U.S.A. alone.

(iv) There was a great fall in the living standard of the people in all parts of the world.

(v) The economic depression resulted in poverty. Many people became poor and led a miserable life and began to die of hunger.

(vi) Agricultural prices fell disastrously in many countries.

(vii) The results of this depression in Italy and Germany were insecurity, unemployment, poverty, frustration, panic and discontentment. This led to the rise of Fascism in Italy and Nazism in Germany. Democratic Party cam to power in U.S.A. under the leadership of Roosevelt. It adopted the policy of 'New Deal' to overcome the evil effects of the economic depression and to provide jobs to the people and to improve the condition of the workers.

(viii) The New Deal of Roosevelt in America and the economic nationalism of Britain necessitated state control.

Multiple Choice Questions:

(i) In which year did the First World War break out?

(a) 1911 (c) 1919

(b) 1943 (d) 1914

(ii) Which American president built up a plan known as New Deal?

(a) Theodore D. Roosevelt (c) Franklin D. Roosevelt

(b) Richard M. Nixon (d) Lyndon B. Johnson

(iii) In which year did the Bretton Woods Conference take place?

(a) 1941 (c) 1943

(b) 1942 (d) 1944

(iv) Which organization represents the interests of more than 120 less developed states of the world?

(a) New International Economic Order

(b) United Nations Conference on Trade and Development

(c) International Monetary Fund

(d) International Bank for Reconstruction and Development

(v) The Great Depression started with the crash of _________

(a) British Stock Exchange

(b) New York Stock Exchange

(c) French Stock Exchange

(d) None of these

Ans. (i) d; (ii) c; (iii) d; (iv) c; (v) b.

Fill in the Blanks:

(a) A plan offered by U.S.A for the recovery of European nations was called ___________

(b) The Great Depression started with the Stock Exchange crash of __________.

(c) The International Monetary Fund and ____________ were set up by financial conference held at Bretton Woods.

(d) GATT was established at ___________ in the year _________.

(e) The short name for association of South Asian Nations is ___________

Ans. (a) Marshall Plan; (b) 1929; (c) World Bank; (d) Geneva, 1948; (e) SAARC.